



NEWS

From the Office of State Treasurer JUDY BAAR TOPINKA

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Legislation Signed to Protect Consumers Buying Gift Cards

Springfield, IL. . . Today the joint effort by State Treasurer Judy Baar Topinka, Attorney General Lisa Madigan, the Illinois Public Interest Research Group, the Illinois Retail Merchants Association, Senator Susan Garrett and Representative Kathleen Ryg -- to protect Illinois consumers who use gift cards -- was signed into law by Governor Blagojevich.

“While gift cards offer a great convenience for people looking for a perfect gift for that hard-to-buy-for person, consumers need to be protected from the fees and charges that may be associated with these cards,” said Topinka. “The signing of Senate Bill 2901 now ensures that consumers will get what they pay for,” she added.

“Gift cards have a cash equivalent, but when stores start charging unnecessary or hidden fees, it’s as if gift cards are the gift that keep on taking,” said Attorney General Lisa Madigan, who helped draft and secure passage of the legislation. “This legislation is critical when it comes to protecting consumers and ensuring they have the information they need to make decisions that won’t cost them later.”

Gift card use has grown 20% every year since the cards were introduced in 1996 and is now a \$32 billion industry. Hidden fees and dormancy charges are often attached to gift cards without the knowledge of the purchaser or the user. For example, some gift cards deduct \$2 a month if the card is not used for 6 months.

The legislation signed today does two things:

1. Exempts from the Uniform Disposition of the Unclaimed Property Act retailers who remove all fees and charges from gift cards.
2. Requires clear disclosure of all fees, charges and expiration dates to the purchaser or user of gift cards.

Senate Bill 2901, which is a win-win for consumers and business, is being touted as model legislation nationally. The legislation was in direct response to a fast growing trend of adding hidden fees and expiration dates to gift cards.

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“The passage of this legislation proves that working together, Democrats and Republicans, business and consumers, can do something great for business and the consumers that they serve,” said David F. Vite, President and CEO of the Illinois Retail Merchants Association.

John Gaudette of the Illinois Public Interest Research Group who were instrumental in helping to pass the Bill, agrees stating “The purpose of the Gift Card is to give a person a gift they can use over time. This legislation guarantees consumers will have a gift that keeps on giving, not taking.”

Senate sponsor, Senator Susan Garrett stated, “We have taken a firm stand to ensure that Illinois consumers are getting what they paid for, and that there are no hidden fees when it comes to gift certificates.”

House sponsor, State Representative Kathy Ryg stated, “This legislation offers important consumer protections for purchasers of gift cards. Gift cards are a wonderful convenience for shoppers and gift givers, merchants and service providers. It’s exciting that our work together resulted in a good law for the shoppers and businesses of our State.”

In 2001, Topinka, whose office administers the Unclaimed Property Division for the state, and the Illinois Retail Merchants Association were successful in passing consumer protection legislation resulting in the removal of expiration dates from gift certificates and gift cards. Since that time, the use of stored value gift cards created a new problem that many consumers are not aware of. “The signing of Senate Bill 2901 will now protect consumers against these hidden fees and make sure they get their money’s worth,” said Topinka.